



June 29, 2007

Ms. Carol McKay, City Administrator  
City of Dorris  
P.O. Box 768  
Dorris, CA 96023

Dear Ms. McKay:

**Final Report—City of Dorris, Library Construction Grant Agreement 2046**

Enclosed is the final report on our audit of the City of Dorris' (City) Library Construction grant agreement 2046. The Department of Finance, Office of State Audits and Evaluations, performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive. The audit included a review of revenue, expenditures, internal control, and compliance with certain agreement provisions.

The City complied with the fiscal requirements of the agreement, and its revenue and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, the report is issued as final.

We appreciate the City's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Susan M. Botkin, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

*Original signed by:*

Janet I. Rosman, Assistant Chief  
Office of State Audits and Evaluations

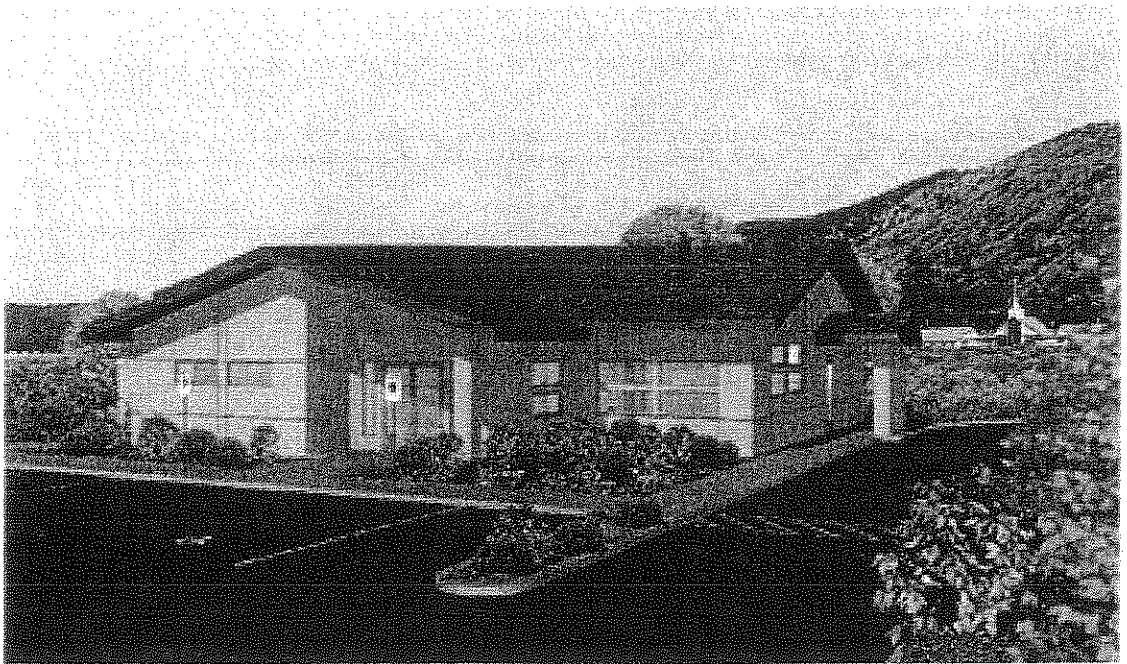
Enclosure

cc: Ms. Betsy Emry, County Librarian, County of Siskiyou  
Ms. Susan Hildreth, State Librarian, California State Library  
Mr. Curtis Purnell, Bond Act Fiscal Officer, Bond Administration Office, California State Library

# A FINAL GRANT AUDIT

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City of Dorris  
Dorris Library Building Project  
Proposition 14 Bond Program  
Grant Agreement 2046  
For the Period December 10, 2003  
Through August 31, 2006



Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

## TABLE OF CONTENTS

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Preface .....	iii
Independent Auditor's Report .....	1
Statement of Revenue and Expenditures.....	3
Notes to the Statement of Revenue and Expenditures .....	4

The Department of Finance, Office of State Audits and Evaluations, performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive, and under an interagency agreement with the California State Library, Bond Administration Office.

We audited grant agreement 2046 awarded to the City of Dorris (City) for construction of the Dorris Library Building Project. The grant was funded from Proposition 14 and covered the period December 10, 2003 to June 30, 2007. We audited the final claimed expenditures through August 31, 2006.

The objective of this audit was to determine the City's fiscal compliance with the aforementioned grant. We did not assess the efficiency or effectiveness of program operations, or the quality of the completed project. The responsibility for financial reporting and compliance rests with the City.

This report is intended for the information and use of state and City management. However, this report is a matter of public record and its distribution is not limited.

**STAFF:**

Susan M. Botkin, CGFM  
Manager

Rick Cervantes, CPA  
Supervisor

Ramon Juarez



## INDEPENDENT AUDITOR'S REPORT

Ms. Carol McKay, City Administrator  
City of Dorris  
P.O. Box 768  
Dorris, CA 96023

We have audited the accompanying City of Dorris' (City) *Statement of Revenue and Expenditures* (Statement) for grant agreement 2046 for the period December 10, 2003 to August 31, 2006, as executed between the City and the California State Library. This Statement was prepared from the City's records and is the responsibility of its management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 4, for the purpose of determining the City's fiscal compliance with the aforementioned agreement. The Statement is not intended to be a presentation of the City's total revenue and expenditures.

In our opinion, the *Statement of Revenue and Expenditures* presents fairly, in all material respects, the claimed and audited revenue and expenditures for the agreement number and period specified in paragraph one, in conformity with accounting principles generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Generally Accepted Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of state and City management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Original signed by:*

Janet I. Rosman, CPA  
Assistant Chief, Office of State Audits and Evaluations  
(916) 322-2985

March 29, 2007

# STATEMENT OF REVENUE AND EXPENDITURES

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**City of Dorris  
Dorris Library Building Project  
Grant Agreement 2046  
For the Period December 10, 2003 to August 31, 2006**

	(State Share) <u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Revenue:</b>			
Proposition 14 Funds <sup>1</sup>	\$533,635	\$533,635	\$ 0
<b>Expenditures:</b>			
New Construction	425,612	425,612	0
Contingency	766	766	0
Site Development	41,004	41,004	0
Architectural and Engineering Fees	62,017	62,017	0
Construction Cost Estimator Fees	937	937	0
Geotechnical/Geohazard Reports	<u>3,299</u>	<u>3,299</u>	<u>0</u>
Total Expenditures	<u>533,635</u>	<u>533,635</u>	<u>0</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<sup>1</sup> Amount includes final payment of \$53,364 due from the California State Library.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

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**City of Dorris  
Dorris Library Building Project  
Grant Agreement 2046  
For the Period December 10, 2003 to August 31, 2006**

**NOTE 1 Description of the Reporting Entity**

The City of Doris (City) is legally incorporated under California municipal law, and is governed by a five member City Council. The City provides public safety (police and fire), streets and roads, water and sewer services, economic development, community development, parks and recreation, and general administrative services.

The City Administrator, appointed by the City Council, serves as the chief executive officer and is responsible for the operation and management of all City departments. The County Librarian was the Project Coordinator for the Dorris Library Building Project.

**NOTE 2 Program Information**

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14) which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered this program during the application review and approval phases, and awarded 45 projects totaling \$334 million.

In 2006 the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The BAO authorizes the disbursement of bond proceeds to local agencies via grants and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

**NOTE 3 Description of Grant Agreement**

The OLC awarded the City a \$533,635 Proposition 14 grant for the period December 10, 2003 to June 30, 2007. This grant provided funding for the City's new Dorris Library Building Project. The 3,300 square foot library is a joint venture facility, serving the City residents, Butte Valley Unified School District students, and Siskiyou County. The approved project budget was \$820,977 of which 65 percent, or \$533,635, was eligible for reimbursement under the program.



The project has been completed and the Library was opened to the public in November 1, 2006.

**NOTE 4 Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Statement was prepared from the City's accounts and financial transactions. The Statement summarizes the state-funded portion of the City's recorded project revenue and expenditures for the audit period December 10, 2003 to August 31, 2006 (final payment request). The Statement summarizes the City's transactions pertaining to grant agreement 2046 only, and is not intended to represent all of its financial activities.

**B. Basis of Accounting**

The City's governmental funds and accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue is recorded as it becomes measurable and available, and expenditures are recorded at the time the liabilities are incurred.

**NOTE 5 Matching Fund Requirements**

Grant Agreement 2046 required the City to provide matching funds equal to 35 percent of eligible project expenditures, or \$287,342. The City met the required match.